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The Horthy regime's first bitter pill was the 175
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Versailles-Trianon Peace Treaty which mutilated Hungary: 71 per cent of her pre-war territories and 63 per cent of her inhabitants were given to the new neighbors: Rumania, Czechoslovakia and Yugoslavia.

This Treaty, so contrary to the Wilsonian ideals, kept burning the flame of irredenta among the Magyars without distinction of class. The national grievances resulting from the Treaty of Trianon were one of the most important reasons why certain anti-Western and pro-German propaganda found ready response among a large number of the people.

In 1920, 54.2 per cent of the land belonged to big landowners in estates over 100 hold, i.e. 142 acres. In order to solve this urgent problem of the rural population, an agrarian reform of limited scope was initiated to remedy the historic injustice. However, only 26 per cent of the large estates were concerned; 404,000 peasants received only a little over four acres each. The reform, with its weak aims and the paternal enforcement methods which it employed, failed to impress the peasantry. 175 423

With a vivid picture of Communist terror in their memory, and suffering from an ever-increasing pressure from the expanding Reich, the Hungarians drifted closer and closer to the Axis side. Then came their participation in World War II on the side of the Germans, defeat, and the final occupation of the country by the Red Army in 1945. 175

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Among a great number of other democratic provisions, the new government immediately ordered a complete agrarian reform. An additional 550,000 persons were given land averaging seven acres. In spite of this large-scale handout of property, ascribed propaganda-wise to the Communist Party and the "Red Army of Liberation," the first free elections in 1945 returned a vast majority of anti-Communist deputies to the new national assembly.

[474] The peasants' mistrust of the Communists turned definitely into opposition when the forced collectivization of the previously distributed land began after the Communists' take-over in late 1947. Since then, the fundamental opposition of the peasants to the Communist state has not changed in the slightest; there seem to be periods of détente between government and peasantry, but these may be simply the result of the Communist tactic of exerting pressure on the screw of collectivization with alternating force.

000 The history of Hungary in the twentieth century has left no name which has had a lasting impact on the mind of the common people.

Annex "A," Subparagraph 11, Sociological Background

SOCIAL STRUCTURE

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Before World War II, the social structure of the rural regions of Hungary--largely based on wealth--varied topographically but, within the same region, it was well differentiated. At the bottom of the social scale were the laborers (földmunkások, cselédek, zsellérek) and the peasants who owned land in quantities too small to support themselves (törpebirtokosok, 'midget landholders'). These two categories constituted one-third of the entire population. Next were the small landholders (kisbirtokosok, kisgazdák) who made their living entirely from the small farms they owned. The medium landholders (középbirtokosok) and the big landowners (nagybirtokosok) employed agricultural laborers and peasants with very small holdings to labor their estates. Land acreage corresponding to these social strata varied widely from region to region according to the quality of the soil, but everywhere the cleavage between these groups was apparent in every phase of social life.

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With the arrival of Communism in the villages, the situation has changed rapidly. The 1945 land reform movement had set a maximum limit of 200 acres, below which no property was affected. This limit

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saved, for avowed political reasons, part of the medium landholders' land from distribution. In 1948, when the collectivization of peasant properties became a chief governmental aim, the "class-struggle" in the villages was re-worded in such a manner that not only the remaining independently operating medium-holders were treated as kulaks and, as such, enemies of the people but, with them, every small-holder, beneficiary or not of the 1945 distribution, who opposed for political reasons the collectivization drive. The independent medium- and small-holders have been subjected to additional levies and discriminatory quotas of grain-delivery on the part of the regime, the result of which has been a decreased revenue from the larger independent farms and, in turn, a trend toward the elimination of economic differences between the peasants.

Since 1948, the collectivization drive has been pursued by the government with fluctuating vigor, different "courses" followed one another, and often contradictory figures blurred by propaganda or simple wishful thinking were published. In very rough lines, the present (1955) economico-social structure of the average Magyar village might be described as follows (see table at end of this Subparagraph)[1]

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A minority (some 6 per cent) of the peasants are kulaks with holdings between 25-50 cadastral acres.

[1] [See cat. 116, p. 64 -- Analyst]

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between 25-50 cadastral acres. These rich farmers--rich, of course, according to Magyar standards only--are struggling against extreme economic pressure on the part of the government, but their often superior skill, their stubborn clinging to the land and their own way of life, and, to a certain extent, their business talent and their everyday work routine still keep them in the black and on the top of the rural social pyramid. The kulaks, the aristocracy among the peasants, are keenly class conscious bastions of the peasant way of life, they are instinctively contemptuous of the poorer peasants; they are proud of their resistance and survival "in spite of all," and sometimes even defiant toward local governmental authorities. Among their many surnames one of the most current before World War II was kékbeliek 'the ones in blue' for the dark blue broadcloth suits which they wore. Recently the more derisive zsirosparaszt 'fat peasant' seems to have gained ground, favored by official propaganda.

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Next to the kulaks can be mentioned about one-third of the farmers who are independent operators with middle-sized (around 10 acres) holdings; the rest either own farms which are too small to support them and/or work on kolkhozes and sovkhozes which comprise about one-third of Hungary's arable land (sovkhozes 13 per cent, kolkhozes 20 per cent.

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1: Indiana U. E-4 1955 EC1 Hungary EC

Distribution of Agricultural Exploitations in Pre- and Post-War Hungary

Size of farms in cadastral yokes (1.42 acres)	Number of Farms (Percentage)		Acreage of Total Arable Land Area (Percentage)	
	1935	1949	1935	1949
1-- 5 yokes	59.5	50.3	10.4	19.5
5-- 10 yokes	17.0	29.4	11.6	32.3
10-- 20 yokes	13.8	15.5	18.6	28.5
20-- 50 yokes	7.4	4.4	20.5	15.9
50-- 100 yokes	1.3	0.4	7.6	3.1
100-- 200 yokes	0.5	---	3.2	---
200-- 1,000 yokes	0.4	0.0	8.6	0.7
over 1,000 yokes	0.1	---	19.5	---
	100.0	100.0	100.0	100.0

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2:Paloczy-Horvath H-3 (no date)1944 EC1 Hungary EC1

CHAPTER I

WE ARE to be punished again. We are used to being punished. 000
The first punishment which we remember was many hundred years ago, when Attila, the great lord of the Huns, started his big drive and took us away from our homes in Central Asia to become the baggage-carrying slaves of his huge armada.

You know Attila's story. You don't know ours. The lords did not tell you. Anyway, we were the slaves of Attila. We carried the weapons, the food, the tents. You know how Attila dealt with people who had weapons and could defend themselves. Now you can imagine how he dealt with us.

We lost our homes in Central Asia. We lost our gods. We lost everything save our Magyar language. This was the language of the slaves.

We were slaves. Later we became serfs. Now we are the "people". We still have nothing save our Magyar language. We kept that, and our lords took it over.

Of course this was not so simple. We had to keep silence a 197
lot. We are silent people. Servants have to be. But perhaps we can thank our quiet and silent nature that we were not massacred with our lords, the Huns and Avars, and that later, when the proud and tough fighters of Arpad—the first Hungarian Prince—appeared in 896 in the lands below the Karpat range, they took a liking to us and adopted our language. This often happens. The proud invaders take over the language of the invaded.

But in this case our fight for our language was not over. The great king St. Stephen, who was the first Christian king of our land, turned Hungary into a Christian, and not a national, country. The language of St. Stephen's Hungary was Latin. Our lords spoke Latin till 1830. Magyar was the language of the slaves. Half the land belonged to St. Stephen, the other half belonged to 120 lords and the Catholic Church. Our lords liked the German Catholic priests, who undertook to explain to us that it was worth while to drudge and want, for we should get all the riches in the hereafter.

We lived on the *pusztas* of our lords.

You have naturally heard about the Hungarian *puszta*. 566
You have heard about a great plain where picturesquely dressed 423
horsemen lead a happy life, the mirage is beautiful, and food is

plentiful. This is not our *puszta*. We mean quite a different thing by it. There are the huge estates in the country of our lords. In the centre is the big manor-house with the great park. Behind the park are the houses of the overseers, then the big, beautiful stables and pigsties. Then come our huts—one-room huts, where generally two families live. Occasionally, when a pigsty is too old to be used, then we may get it, so that sometimes every family has a room of its own. This is good, for it is very difficult for more than ten people to live in the same hut. The women-folk quarrel. There are difficulties.

Well, anyhow, the complex of our huts, behind the park of the lord in the centre of the huge estate, is the *puszta*—our *puszta*. It is very far away from the villages where the free people live in well-ordered rows of houses. These villages are splendid and interesting places; they have shops, and people can even buy matches if they have the money. We borrow our fires from the upper-class people—let's say from the honourable wife of the estate-smith, if she is in a good mood.

We are not interesting people, we servants of the *puszta*. We do not know our number. But, as half the country of our lords belongs to big estates, you can imagine that we are many.

Sometimes we see picture books which one of the bright *puszta*-lads gets from the manor. There are books about the savages of Africa. There are no books about us.

Perhaps you will not mind if, before going on with our story, we tell you how we live now. We are so eager to talk, you know, if we think that someone may care to listen. Of course we complain. This is our fault. Serfs do complain if they are listened to. But perhaps it is worth your while to listen. Our life is quite as "quaint" and "different" as that of the New Guinea people.

Generally we get up at three o'clock in the morning. This is good, for at harvest-time we have to start work an hour earlier. There is, of course, always a great deal of work on the *puszta*. There are lots of animals: cows, oxen, horses, sheep, pigs, chickens. The stables and pigsties have to be cleaned, the big carts filled with manure, the cows fed and milked. Then, about half-past five in the morning, we can have our breakfast. In good times we have some warm soup—"lebbencs" soup. This is delicious. For a family of five you take an onion and a spoonful of pork-fat and cook it and throw in it little pieces of wheat-flakes. In every plate you get three, or even four, pieces of these flakes. But lebbencs-soup is quite exceptional. Generally we eat a chunk of bread, as big as our fist.

behinds, use our women and take away our strength. You are right. But not entirely. For just now we are tired and frightened. We have just lost one of our battles.

God, how we fought! And how *they* defeated us!

May we tell you, quickly, about our last defeat before going on?

Listen. This is not an old story. It happened between 1920 and 1937. There is a great lord, Count Pallavicini, who has 60,000 acres. This is a big piece of land. The Count naturally wanted us to work his land. But he—like the other big lords—was only prepared to give us summer work. Such labour was not so easy to get, because the estates were too big; we had to travel from very far-away places, and everything we earned went on travelling expenses, or if we walked home after the harvest we lost even more weight. So the Count and the other big owners started to settle us on their estates. We were given a plot for a house and one or two acres of land in tenure. We came, and we built houses. We started to come after the Turkish wars were over. By the second half of the last century we had already built villages. Funny villages they were. The houses belonged to us—we inherited them from our fathers and grandfathers—but the land they were built on belonged to the Count or the lords.

Here we were, living in villages, in inherited houses of our own, thinking that the houses belonged to us. We had good reason for this. In 1873 they passed a law according to which the plots of our houses might be redeemed while the lease was a matter of agreement between us and the owners. This naturally meant that our villages also belonged legally to us settlers, and not to the owners of the estates. We were told so by priests, by newspapers, even by the gentlemen in Parliament *at that time*. But then the years passed and it turned out that our Count could not bear the loss of the few acres of our eight villages on his 60,000 acres. We were told to get out. We did not want to. So the gendarmes came and we were evicted. Next day we went back. We had nowhere to go, you see. Then the gendarmes came again, evicted us and razed our houses to the ground. The ruins were put on carts and taken away, then tractors came and transformed our villages into open fields. In our village, called Dóc, which was destroyed by the Count in 1926, they even destroyed the church.

The last act of destruction occurred in 1937.

These incidents started in the last century, about 1880. Hundreds of our villages were destroyed in this way.

We were homeless. Later we built new villages instead. Siróhegy (Weeping Hill), for instance. Or Bánomhegy (Hill of Sorrow). Or Kutyanyak. (This would mean in English

Our lords grew frightened. After the front had collapsed, 668
after we had streamed back from the front in our vicious mood, after the victorious armies had begun to approach from every direction—that is, too late—they let the power fall from their hands. They were glad to give the power to the National Council, headed by the same Count Michael Károlyi who during the war had always opposed it, who had always said that the two Kaisers were the natural enemies of the Hungarian people, who was in touch with the Allies.

Count Michael Károlyi was tremendously popular with us. We remembered that the jingoist press had always accused him of treason for wanting to make peace. We remembered that during 1916 and 1917 he had even made public speeches in favour of peace. We remembered that the military court of Count Tisza had accused him of treason. A thousand years of experience has taught us that anybody whom our lords accuse of treason is on our side. We were not mistaken.

Count Károlyi became President of the Hungarian Republic. Hungary—we must mention this—seceded from Austria on October 16th 1918, before the Austro-Hungarian collapse. Károlyi came to power on November 2nd.

Our revolutionary government, composed of liberals and socialists, had to face the situation created by the sudden and complete collapse of the Habsburg Empire. Two million soldiers were streaming back from the fronts. Refugees were coming from the neighbouring countries in tens of thousands. The railway system collapsed. The whole organisation of the country collapsed. The French general in Serbia blockaded Hungary. The food situation was appalling.

Károlyi and his people had a gigantic task. To bring the chaotic and dismembered country into a state of order, to negotiate with the Allies, to prepare the way for a democratic Hungary.

The Károlyi Government's first thought was to solve the land 668
situation. They drew up a land reform programme which aimed 423 ●
at distributing among us, the land-workers, all estates exceeding five hundred acres, for which the State would recompense the owners. They planned co-operatives and agricultural boards. And they were not just talking.

Károlyi started his land reform on his own land at the beginning of 1919. He had huge estates. He gave them all to us. We must confess that many of us thought that even Károlyi was too mild with the land-owning class. But our lords considered this land reform a terrible outrage and did everything to prevent it. They successfully

668 denounced the Karolyi Government to the foreign Allied missions
●423 in Budapest as Bolshevik. In this way they achieved two results. Result number one was that the Allied missions turned against the man who was loyal to the idea of peace all through the war, who was against Germany all through the war. The Allied missions and Governments allowed the Rumanian, Czech and Serb forces —even after the armistice was signed—considerably to extend their occupation of purely Hungarian territories. Result number two was that in default of Allied aid the Károlyi Government was defeated by the Communists. The great lords, all the aristocrats, were very happy the day Communism was proclaimed in Hungary. They feared that the Allies might discover that Károlyi's Government was democratic, that they would help Károlyi, and that democracy would then be established in Hungary. If there were real, out-and-out Communists ruling Hungary—so the lords hoped—it would be easier to get help from the Allies against the Communists, who would be beaten. Then they could return and get back their land. The calculations of these lords, led by Count Stephen Bethlen, were right.

CHAPTER X

728 In 1919 the Károlyi Government went to pieces because of
648 the blind stubbornness of the French commander at Belgrade,
669 Franchet D'Esperay, who snubbed and humiliated the Hungarian Government—which had, after all, overthrown the war-time administration and was democratic and anti-German. At last the Károlyi Government's position became impossible. Some of the great lords, who had influence over Franchet D'Esperay, saw with pleasure that the people's Hungary—the Hungary of Károlyi and of the Communists—was left by this extreme reactionary French general to the mercies of her neighbours. They knew that the people's Hungary would in this way be defeated. The "Red" scare of the Allies was exploited by all our enemies.

On March 20th 1919, a French lieut.-colonel, a certain Vyx, handed the Károlyi Government a new order of the Allies demanding that Hungary should accept a fresh line of demarcation. Some month previously Hungary had already signed an armistice with the Allies in Belgrade. This was severe enough, cutting deeply into territories inhabited by Hungarians. Now the Allies—determined to make "Red" Hungary as small as possible—presented a new demand in the form of a fresh line of demarcation

728 669 648 counter-revolutionary government in Szeged, did everything he could to starve out Hungary. Food trains were stopped. The Czechs fought the red army in the north. They came quite near to Budapest and then were driven back.

Meanwhile the French right wing helped to crush democracy after the real danger, Prussian and Habsburg Imperialism, was beaten.

When Bolshevism broke out in Hungary, Benes of the Czechs, in his articles in the *Matin* and *Times*, and in his representations to the Supreme Council, supplemented the argument previously put forward by the plea that "the interest of Europe demanded that the northern part of Hungary should be given to the Czechs".

The Communist Government had to organise a red army speedily to defend Hungarian territories. Once again the world was able to watch the not very unique spectacle of "nationalist" lords, white officers, helping the enemy (Rumanian) armies which were attacking their own country. The Hungarian red army fought the Czechs and the Rumanians. *White officers sent by the counter-revolutionary government directed the Rumanian guns against Hungarians defending their territory.*

669 ●423 The Communist Government of Béla Kun had no time to carry through the land reform either. They declared all land exceeding a hundred acres State property without compensation. The small and medium holdings with farm or house were to remain untouched. The expropriated land the Communists wanted to turn into co-operatives, into *kolkhozes*. In most cases the expropriated landlords were asked for the time being to administer their own properties. Thus they had the nice job of guarding them for themselves.

669 648 In the summer of 1919 the Rumanians resumed their advance and occupied Budapest. G. D. H. Cole writes:

> "In November the Rumanians withdrew from Budapest after doing a great deal of damage, and took with them in their withdrawal as much of the movable property and instruments of production of the Hungarians as they were able to lay hands upon. . . ."

It was curious to watch how our lords behaved towards the Rumanians. When the Károlyi Government wanted to establish peaceful relations with all Hungary's neighbours, they started wild anti-Rumanian propaganda to make Károlyi's work more difficult. When it turned out that Károlyi really meant to distribute the land, and during the Communist regime, they suddenly discovered the solidarity of interest between Rumania

culture of the villages . . . such a man was attacked as an uncultured, rough, dangerous anti-Semite and life was soon made impossible for him."

The Horthy–Bethlen régime, writes Jászi,

"incited the mob to anti-Semitism, but at the same time the Jewish bank- and profiteer capital was growing freely, and the exploitation of the workers reached a record pitch. At the same time, this 'national and Christian' Hungary was again and again ready to serve Parisian Jewish finance."

Count Bethlen, the clever Count Bethlen, stopped open and official anti-Semitism. He stopped the White Terror of his friends. He did all this *after* the Allies gave political and financial support to the Horthy régime. He said that he could stop the White Terror only if the Allies helped the White Terrorists. And so the murderers of thousands of progressive people, labour leaders and Jews, were backed by American, British and French financiers in order to "consolidate" Hungary and establish a liberal parliamentary rule.

You saw what was meant by parliamentarianism during the Horthy-Bethlen régime. But we must tell you a bit more about Bethlen. In the country where 2,242 persons had more land than 4,000,000 of us, Count Bethlen said in Parliament in 1921:

"*In this State, where private property is sacred, to ask for land reform is like asking for my pants.*"

So much for Count Bethlen's democratic sentiments. In 1943 Bethlen sent envoys to neutral capitals, saying that he represented the only anti-Nazi force in Hungary. He wanted the Allies to set him up after the war as a great democratic politician.

In 1938 he wanted to prove to Hitler what a good pro-Nazi he was. He said:

"*Though the Hungarian Government (under Count Bethlen) was free to choose, it refused to join the Little Entente, thus rendering an invaluable service to Germany and making impossible the creation of a strong bloc antagonistic to Germany.*"

Well, this nice gentleman came to power by means of foreign loans, and fell from it when they stopped. But during the eleven years of his rule he laid the solid foundations of that policy which pushed the country of our lords into the war as accomplices of Hitler.

The democratic consolidation of the Bethlen régime was a very clever piece of work.

It was not anti-Semitic. The Jews were permitted to run

642 661 Hungarian industry and commerce provided they did not attempt to meddle in politics. In order to keep their financial power they were forced to give political backing to Count Bethlen's "Unity Party".

There was parliamentarianism. This meant that 90% of the deputies were created by the government.

665 642 Even a Social Democratic Party existed, but it was forced *to sell us out first.* This was perhaps the cleverest trick of the "black Count".

The Social Democratic leader was a former locksmith, Charles Peyer. Before the war he became secretary of the Trade Union Council. In 1919 he became Minister of Interior in a very short-lived government formed after the Communist collapse. Then he became Minister of Public Welfare in the reactionary government created with the help of the Allied representative, Sir George Clerk. In 1920 he was in Geneva at an international congress when he heard that Horthy and Bethlen had murdered the two other labour leaders, Somogyi and Bacsó. He did not dare to return, but a year later Bethlen invited him to come home. *He had an offer to make.*

665 642 ●423 Bethlen detested the idea of a land reform which would mean the abolition of the feudal system. But at the same time he had to prove to the outside world that his Hungary was "nice" and democratic. So he made his famous offer. The result *was an agreement by which the Social Democratic Party was allowed to exist, provided it undertook no activities among the four million landless agricultural labourers.*

This agreement was one of the chief tricks by which our lords, almost alone in Europe, have so long been able to postpone all questions of land reform. And it has very effectively removed any danger that we—the land-workers and industrial workers—might get some say in the affairs of the country and realise our aspirations for civilised existence.

And of course by permitting the Trade Unions and the Social Democratic Party *to exist but not to act*, Bethlen could say to the Western world that Hungary was a democracy.

The Trade Union officials and Social Democratic leaders were forbidden to give the lie to Bethlen's propaganda about his wonderful democratic consolidation. These leaders were happy to be alive and happy to keep "the progressive flame" flickering in the country of our lords.

This agreement was concluded in December 1921. Peyer and his friends of the labour leadership became somewhat unpopular with their own people.

They defended themselves by saying:

1. They concluded this agreement with Bethlen's Government. That government might go, and then labour would be free to act.

2. This was a tactical step to save the existence of the Party and the Trade Unions.

3. Even during the period of voluntary passivity, industrial labour could go on organising and educating its own masses.

4. The land-workers were a backward, uneducated mass.

We do not want to pass judgment. We know that the peasants are a conservative lot. We know that the landless land-workers are often called peasants, thereby confusing the industrial workers, who dislike peasants. But the fact remains that the Bethlen–Peyer agreement was one of the most important pillars supporting the camouflaged dictatorship of Hungarian feudalism.

Our lords had other tricks up their sleeve. They even pretended to carry out some land reform. This trick also worked. Horthy created a new Hungarian knighthood, the so-called "Order of Heroes". Officially all those Hungarians who had fought exceedingly well in the war of 1914–18 could become "heroes". In fact, all the White Terrorist boys were knighted, all the members of Horthy's White Army, all the friends and servants of our lords. About fifty thousand other ranks received some land which had been taken away from "traitors" like Count Károlyi and his friends. In this way Bethlen could say to the Allies that he was carrying out land reform, and he also had a trustworthy defence guard for his régime.

The gentry were an important pillar of the Horthy–Bethlen rule. *The gentry are usually landowners in theory but not in practice.* They wear a signet ring with the family emblem on it, and have the manners and customs of a country squire, a lot of dissatisfaction, an empty pocket and a great craving for a rich, elegant life. They are—or pretend to be—members of a noble landowning family which lost its estates because of "them". "They" vary quite a lot. "They" are the Jews, "they" are the progressives, "they" are those red skunks who brought in a law forcing the nobility to pay taxes.

We have already mentioned that Hungary had a decentralised administration and that the counties—"the noble counties"—had a lot of power. The gentry—the gentlemen—were the Civil Servants of the State or county. Trade or industry or any profession was naturally considered below the dignity of the gentry.

3:Kemeny G-5 (1945-48)1952 EC1 Hungary EC1

Hungary shared the lot of other countries in South-eastern Europe in that surplus agrarian population was a fundamental feature of her economic and social life. The density of agricultural population, as measured by the number of people dependent on agriculture per square kilometre of arable land equivalent, was 63·1 in Hungary against 28·18 in France and 33·9 in Great Britain.[1] As the countries with low areas per cultivator generally also have low yields per acre, agriculture was unable to provide economic employment for a population of that density. The situation was greatly aggravated by the uneven distribution of land. Large units of over 700 acres comprised almost one-third of the whole agricultural area. The big and very big estates—quite a number of them extending to 7,000 acres and more—were the main suppliers of the grain surplus of the country. The preponderance of grain growing implied, however, a relatively low demand for hands per acre cultivated. According to expert opinion the under-employment of the population engaged in agriculture amounted to about 25 per cent.

During the inter-war period industry was able to absorb but a fraction of the excess man-power at the then rate of progress of industrialization. There resulted a constant pressure of supply on the labour market, and an income distribution correspondingly unfavourable to the wage-earners.

Employers in industry took advantage of the low wage-level and of the fact that Hungarian workers readily adapt themselves to industrial work and acquire the technical skill needed in different branches of manufacture. The old-established Hungarian industries, like engineering and food processing, laboured under the disadvantage of having been established to meet the needs of the larger national market which had been secured to them until the disruption of the Habsburg Monarchy. Different branches of engineering had supplied Greater Hungary with railway material, agricultural machinery, and certain kinds of industrial equipment, while food processing industries, in particular, flour mills, had been suppliers of the whole Monarchy. These industries, reluctant to face realities, had to suffer a protracted process of adaptation.

On the other hand new industries, favoured by the change of circumstances, developed. The expansion in the textile, electrical, and chemical industries was the most remarkable. On the whole, the new enterprises recorded good results both in

[1] Wilbert E. Moore, *Economic Demography of Eastern and Southern Europe* (Geneva, League of Nations, 1945), pp. 197–201; the arable land equivalent is calculated according to the following proportions: arable land, 100; orchard and garden lands, 300; meadows, 40; and pastures, 20.

3:Kemeny G-5 (1945-48)1951 EC1 Hungary EC1

In order to improve industrial production, the problem of foreign trade had to be tackled. Dislocation brought about by the war led to a complete breakdown of international trade. In 1946 the volume of imports as well as of exports amounted to about one-sixth of the pre-war level.

The efforts in securing raw materials scored some success. In 1947 imports were raised to about half of the pre-war volume, yet exports did not exceed one-quarter. There were remarkable shifts in the composition of foreign trade, reflecting the changed conditions. Imports appear to have been restricted to raw materials and industrial equipment, while manufactured goods figured as the main items of exports in consequence of the shortage in all kinds of farm products.

Two major factors (war losses and drought) affecting agricultural production have been mentioned. There was a third one, a direct consequence of the political landslide: the breaking up of the big estates and of the big holdings of which they mostly consisted. In their place several hundred thousand of new peasant holdings emerged.[1] This radical change, brought about by the land reform of 1945, inevitably caused a lessening of the marketable portion of farm produce. The land reform was bound to alter the old pattern of agricultural production. In its wake the preponderance of grain growing was expected to give way to a more diversified cultivation. Corresponding with these changes in the composition of production, the exportable surplus of cereals was destined to cease and was to be replaced by the products of more labour-intensive peasant farming. But the process of recovery in farming being necessarily slow, agriculture was overtaken by the extension of industrial production even before the Plan was started. Consequently farming lost its previous importance as a main source of exports.

Post-war reconstruction was to be achieved under unprecedented conditions. After the collapse of the Fascist regime, public services had to be rebuilt and work discipline restored under Russian occupation in a radically changed social atmosphere. Economic policy was bound to reckon with new developments in agriculture and industry as well as with the necessity of a reorientation of foreign trade. Last but not least there was the urgent task of halting inflation, as financial disorder attained proportions which endangered the entire social and economic fabric.

[1] This involved also the splitting up of production units, the large estates having been run mostly as large-scale farms and only exceptionally in the form of small tenancies.

3-Kemeny G-5 (1945-48)195 EC1 Hungary EC1

CHAPTER II

THE ANTECEDENTS OF PLANNING

THE ECONOMIC FRAMEWORK

668 THE shaping of the post-war policies of Hungary goes back to the time of German occupation. It was in the underground Resistance movement, where three parties co-operated, that the first outlines of a programme were drawn up. The co-operating parties were the Smallholders, the Social-Democrats, and the Communists. By the end of 1944, when the Germans had been expelled from the Eastern half of the country, the National Independence Front was set up, consisting of the three parties in the Resistance movement, the newly emerged National Peasant Party, the Democratic Party, and of representatives of the Free trade unions. The main lines of policy were laid down in a Programme of the National Independence Front issued in December 1944. This statement of policy expresses adherence to democratic principles, and affirms the reorientation of foreign policy. In the social and economic field the outstanding points were: land reform, public control over industrial monopolies, and prevention of unemployment. One clause of the Programme points, though cautiously, towards economic planning in claiming that reconstruction should be effected within the framework of a Government-sponsored plan.

642 The National Independence Front formed the provisional Government in December 1944 and public administration was reorganized through the local branches of the Front. Following the general elections in November 1945 a coalition consisting of four parties, the Smallholders, the National Peasant Party, the Social-Democrats, and the Communists, was established. This coalition, surviving the elections of August 1947, was the basis of the successive Cabinets until the first quarter of 1948.

[423] 471 In accordance with the Programme of the National Independence Front, in agriculture the big and medium-sized estates were divided into small holdings, in industry such branches as were monopolistic in character were nationalized. Even at the time, when the whole range of light industries and engineering, except for two big concerns, wholesale trade, and naturally the retail trade and small-scale industry, were still left in the hands of private enterprise, State interference and State influence were far-reaching. Not only was the character of a war economy

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461 eager both to reconstruct their plants and to restore their former international connexions. At that time it did not yet seem dangerous either for business men or for politicians to cultivate Western contacts.

463 As to the structure of Hungarian society, roughly half of the population was before the war dependent on agriculture, one-quarter was engaged in mining, manufactures, and handicrafts, and about 10 per cent in commerce, banking, and communications.[1] Under the impact of post-war developments important changes took place within the various social groups. Yet the proportion of agricultural population had hardly changed to an appreciable extent until 1947.[2]

423 241 The structure of agriculture had been radically changed by the land reform of 1945 which limited agricultural holdings to the size of 100 and in certain defined cases to 200 yokes (140—280 acres). Some 1,500 big and mammoth estates and a considerable number of medium-sized holdings (200 to 1,000 yokes), roughly 30 per cent of the cultivated area, were transformed into small units. Property was assigned to 370,000 landless labourers while some 270,000 dwarf lots were enlarged.

241 The dislocation consequent on this sudden change in structure was not overcome during the two years that elapsed between the land reform and the Three-year Plan of 1947. The process of implementing the reform by providing the new farmers with the requisites for the economic cultivation of their holdings, was at its very initial stage. Some expedients of mutual assistance among the farmers were evolved to meet the shortage [231] of machinery and draught animals. The lack of livestock was an aftermath of the war, stock-raising being the part of the economy which had suffered most heavily from the war. Animal husbandry had been a fairly well developed branch of farming in pre-war Hungary. It was mainly due to this fact permitting a more plentiful use of manure that average yields per acre in agriculture were higher than in other countries of South-eastern Europe. Reduced livestock, the reconstitution of which could but be gradual, meant lower agricultural output, and the insufficient supply of implements and machinery caused a setback in the mechanization of agriculture, which, in any case, in view of cheap labour, had made little progress even before the war.

468 In manufacturing industry new forms of industrial relations in public and private concerns had to be adopted. The position of the trade unions was substantially strengthened. Collective

[1] See further details on the census of 1941 in the Appendix, Table II.

[2] The first post-war census applies to the end of 1948. No figures were released, however, except some details on small-scale industry and commerce.

3:Kemeny G-5 (1945-48)1952 EC1 Hungary EC1

CHAPTER VI

THE CHANGE IN ECONOMIC AND FINANCIAL STRUCTURE

INDUSTRY AND AGRICULTURE

471 WITH the change of the political climate in Eastern Europe, the policy in regard to the scope of nationalization underwent a definite change. In March 1948, shortly after the coup d'état in Czechoslovakia and the ensuing nationalization measures in that country, public ownership of all industrial enterprises in Hungary with more than 100 employees was announced. No preliminary discussions on a measure of such consequence had taken place. It was plotted by the Communists and presented to the public in a way that deprived the other parties—already politically undermined—of the possibility of offering any opposition. The law enacted in May 1948 on the nationalization of industry did not protect even small-scale industry against further encroachment. It vested the competent Ministry with arbitrary power to include any plant irrespective of size. Though the principle was established that compensation should be paid to the former owners, it was never intended to carry this principle into practice.

Thus when the first Plan year drew to its end, broadly 80 (and later 90) per cent of manufacturing industry in terms of man-power was nationalized. In the wholesale trade the change-over was completed within a short period. By 1949 nationalization had also made substantial progress in the retail trade.

And there was the sinister chapter of land collectivization. 661 The campaign was opened after the rupture between the 565 Cominform and Yugoslavia. In fighting 'rural capitalism' assi- 423 duous efforts were made to split the peasants into two camps, the *kulaks* or exploiters on the one side, and the 'working peasants' on the other. Owners of farms larger than those workable by one family were denounced as capitalists. In the course of the campaign this line of discrimination faded. Eventually it depended on the arbitrary decision of the local party committees whether a farmer ranked as a *kulak* or as a working peasant. The intention evidently was to outlaw the *kulaks* and to coerce 241 or entice the working peasants into the *kolkhoz* (the Russian type 423 of collectivized farming). Co-operatives merging the small hold- 474 ings according to that system into an economic unit enjoyed

3:Kemeny G-5 (1945-48)1952 EC1 Hungary EC1

special credit facilities and priorities in using tractor stations, and were favoured in many other ways. In spite of these benefits and a relentless propaganda coupled with elaborate methods of pressure, land collectivization remained in an embryonic stage. By the end of 1949 it was claimed that about 1,500 producers' co-operatives, cultivating 370,000 yokes of land, had been established. This would amount to 2·6 per cent of the total agricultural area. Even these moderate figures may be overstatements, as possibly not all the co-operatives concerned are of the most 'advanced' type, which merges the holdings of the individual members. Moreover, this kind of co-operative was mostly established on land recently acquired by the Government under the right of pre-emption, or through confiscating *kulak* holdings, and redistributed on condition that the new owners joined the advanced form of co-operative.

So far the changes in the organization of agriculture as brought about by the land reform were slight. Yet the rural districts had been stirred up and their atmosphere poisoned. Some detrimental influence on productive activity may eventually result, but no signs of it have been discernible up to now. The reports on the achievement in agriculture neither substantiate accusations of *kulak* sabotage nor do they indicate any relaxation of assiduity in cultivation because of anxiety about the ownership of land. The terror applied in collecting the grain and other produce, which the peasants were bound to deliver in order to ensure public supply, may partly explain their zeal in growing adequate quantities.

ADOPTION OF THE SOVIET PATTERN IN BANKING

In April 1948, with any serious political opposition already excluded, it was proposed to recast the Hungarian credit organization. By that time the nationalization of the leading banks had been completed. As already stated that measure, extending as it did to the subsidiaries of the institutes concerned, subjected over 80 per cent of the credit apparatus to public control. Nationalization, as it was decided upon in 1947, was intended to avoid the disruption of existing units, and to enable them to restore former international relations. A reorganization of banking undeniably appeared necessary. It was already overdue during the inter-war period, when the solution of the problem was adjourned because of the rivalries of competing groups and the lack of determination of the financial authorities. There is little doubt that a reasonable organization could have been reconciled with the preservation of ties with Western

3:Kemeny G-5 (1945-48)1952 EC1 Hungary EC1

464 units, and the rate at which it could be eliminated was uncertain. As to the scale of industrial employment brought about by the Three-year Plan, it was not unprecedented, for a similar level had been recorded in 1943, though only at the peak of the war-time efforts.

A rise of the labour force in manufactures up to 415,000 (excluding small-scale industry and the whole building trade), together with an additional 70,000 employed in mining, could not be qualified as a new phase of the industrial revolution in face of a total actively engaged population of 4·3 to 4·5 million.

433 Nevertheless the Plan did bring about a change, and a definitive one, in the economic position. Not that it altered the economic structure of the country, for the changes in industrial production were mostly through extensions at existing centres. Besides the re-equipment of a great number of workshops, there were, of course, new factories built. In line with the much boasted self-sufficiency in capital goods, the engineering industry was set the new task of extending the scale of machine-tool production, a section hardly existing previously in view of a restricted

[371] market. For an external observer the most conspicuous change in the field of industrial development was perhaps the expansion of power generation. It was raised by 70 per cent in comparison with pre-war production. Besides providing sufficient current for industry, the extension resulted in the inclusion of quite a number of country districts, hitherto without electric current, in the network of supply. Still, the general picture presented by Hungary's economy at the close of the Three-year Plan, in so far as the degree of industrialization was concerned, did not fundamentally differ from that remembered in pre-war times: an agricultural country on its way towards industrialization. The change-over to an industrial community is to be realized by the new Five-year Plan contemplating an industrial labour force exceeding the million mark at the end of 1954. This programme requires the establishment of a great number of new factories. Accordingly it is intended to spread industry over the countryside and also to create new industrial centres.

TRADE RELATIONS

241 423 An appraisal of trends in external relations appears possible only if viewed against the background of pre-war conditions. In this context changes in agriculture—past and impending—are of consequence.

In replacing large-scale farming by subsistence farming on one-third of the agricultural area, the land reform tended to

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reduce the volume of grain surpluses in comparison with the quantities available prior to the war, but, on the other hand, to favour the raising of livestock. The Plan, on its agricultural side, was designed to support this tendency.

However, the objectives of agricultural policy go far beyond this development programme. The Government are determined to reorganize production in conformity with the Soviet *kolkhoz* pattern, that is to create large units by merging the peasant holdings into collective farms. Results of the efforts made in this direction have hitherto been slight. The peasants did not yield to propaganda or to indirect coercion. Presumably the pressure will grow. The opinion evidently held in official quarters is that it is through the *kolkhoz* that substantial improvements in the methods of agricultural production are to be hoped for. A reorganization on these lines would at the same time offer the authorities an instrument for tighter control of agriculture. Big units under central command could also serve as a lever for directing the agricultural labour reserve. This direction appears to be a point of paramount importance. Industrialization, as foreseen by the Five-year Plan, implies a heavy drain on the rural man-power reserve; it is bound, in a not too distant future, to involve the imposition of labour-saving working methods in agriculture to release labour.

It is a matter of speculation how the peasant population would react in case of coercive measures for establishing the *kolkhoz*. Under the conditions prevailing it would be very difficult and dangerous to attempt sabotage. Nevertheless if the measures were pressed home ruthlessly, resistance on the part of the peasants might cause a setback in agricultural production.

No signs of this turn of events are, so far, discernible. Hitherto the approach to land collectivization has been cautious. If a clash can be avoided, one has to assume that the agricultural programme will work and will yield certain results. The recovery in livestock, not yet complete, then will go on. In addition, there is plenty of room for improvement even in the elementary processes of agriculture; the effects of these improvements on yields may for a while easily outstrip the increase in domestic requirements caused by the growth of population. Yet there is another point possibly impairing export capacity in food: higher food consumption induced by improved nutritional standards resulting from the redistribution of incomes. However, the first wave of additional requirements can be supposed to have been satisfied. It can equally be supposed that this improvement was reflected in the export surpluses in recent years. Nutritional standards were the worst among agricultural

As the final result of the work of categorizing,[1] there were two large groups, and some story-tellers who either fell outside these groups or rose above them. When the two groups were before me, listed by name, I noticed that the final dividing line between them was identical with the dividing line between the rich and the poor among them. 538 565

It is necessary that I give the local conception of these two terms. The rich - they call them (pógár), that is, 'citizen' - are those who live on their own property, not having to depend on working for others. The lower limit of the material foundations for such a status is a farm of seventeen to twenty acres. This class is fairly uniform, because a farm of over forty-three acres is a great rarity, and even if there is one of eighty-five acres in every fifth village, its owner cannot constitute his own society. 565 829 [423]

The other category is that of the "poor man." To this belong the field-guards, the laborers, the small-holders who have an acre or two, etc. Of course, within these broad limits there are many subdivisions, but it does seem that the most important dividing line is between those who live on their own substance and those who depend on working for others for their living. This is shown by the conscious distinction implied in the use of "citizen" and "poor man."

I have noticed that the demeanor of persons of identical spiritual structure differs according to whether one belongs among the "citizens" and the other among the "poor men." 538 [156]

In both of these groups there exist extreme types. Among the poor, it is the professional story-teller, whom I shall name, without meaning to cast any reflection, the 'minstrel type.' Among the rich, it is the 'gentleman anecdote-teller.'

I found a swineherd story-teller to be the prototype of the minstrel group. He was the only one of my story-tellers who was not even twenty years old. He had heard many stories and anecdotes, and he had learned to tell them. He already had the technique of a story-teller. The following occurence is very characteristic of his demeanor.

I always used to ask the story-teller where he had learned the story he had just told. Concerning one of them, he said that he had thought it up himself. He said this about a fairly well-known story, and within barely a week I noted two variations of the same story in two nearby villages.

Nevertheless, there is something in the story that did originate with him. He had probably heard the story a long time before, and

[1] [See p. 7, ext. 116 --Analyst]

669 who had worked and suffered more than any other person for the liquidation of the latifundia system and the democratization of Hungary. He began the dismemberment of the large estates by dividing his own domain, left the country as a pauper, was hounded by the counter-revolution and declared a traitor, and lived abroad in poverty, but without complaint and without for a minute abandoning his principles. No wonder public imagination saw in him a successor of two other great exiles, Rákóczi and Kossuth. Simple people, though not questioning the merits and qualities of President Tildy, did question such ingratitude toward a great moral leader. However, all is clear in terms of *Realpolitik*. Károlyi's firmness of principle makes him a dangerous person. Moreover, he is hated by many influential conservatives in the west as a traitor to his class. The present government has difficulties enough: why increase them out of sentimental considerations? Besides, the October revolution immediately arouses unpleasant memories of the Béla Kun dictatorship.

423 669 Be that as it may, the incubator revolution has the great merit of having carried out, without mercy and without hesitation, the fundamental idea of the new democratic Hungary — the division of all the landed estates among the landless peasantry. Of course, many experiments since the dissolution of the Hapsburg Monarchy have shown that a purely mechanical distribution of land does not lead automatically to a new and higher standard of popular existence. Only recently Hugh Seton-Watson (son of the noted historian) and a study group of experts concluded that the agrarian reforms in eastern Europe did very little for the rural population.[7] Nevertheless, it remains true that the expropriation of the feudal estates was the necessary first step for opening the gates for the flood of popular energies. If it is used wisely and undogmatically, the Russian conquest may bring about a real economic and moral transformation in Hungary.

IV

669 In the light of these facts and considerations, there is nothing mysterious about the results of the last elections in Hungary, which have been hotly debated and so differently interpreted. The total number of votes cast was 4,717,256. Of these, the Small

[7] *Cf.* Hugh Seton-Watson, "Eastern Europe Between the Wars." New York: Macmillan, 1945. Also Political and Economic Planning, "Economic Development of Southeastern Europe." Oxford University Press, 1945.

2 [See category 116, pp. 457-460 -- Analyst]

hectares of acid soils. At the same time, large-scale experiments are to be organized to discover and test methods to improve such soils, which cover about 500,000 hectares in Hungary. The plan also provides for the planting of forests on 29,000 hectares and for the reforestation of another 45,000 hectares of denuded forest land. The aim is to add yearly 300,000 cubic meters to the standing timber to make up for the inroads made on the forests before and during the war. Before the war, 17,000-23,000 hectares were reforested in a year, including new plantations.

In agricultural research, the systems of crop rotation successfully practiced in the Soviet Union will be tested and new plants (kenaf, kok-sagiz, tea, citrus fruits and cotton were specifically mentioned in an official statement) will be introduced. A cotton acreage of 58,000 hectares is planned for 1954. In 1949 cotton growing was still in an experimental stage.

Investments in agriculture will amount to 8.0 billion forints, with indirect investments raising the total to 12.5 billions. Half of the sum to be spent on agriculture will serve mechanization.

As the prevalence of fragmented small holdings hinders accomplishment of the production plans, the collectivization of agriculture will be speeded up. In 1949 only 40,000 peasant families worked on collective farms and the acreage so farmed was given as 184,000 hectares.[10] The First Five Year Plan will thus bring about the socialist transformation of agriculture and rural society. As a result, the most important social reform of the postwar period, the Communist sponsored Land Reform of 1945 is to be completely reversed. This reform destroyed the existing large units and, through the creation in their stead of small subsistence farms of about 4 hectares, made mechanization and efficient farming impossible. Even the older peasant farms, most of them of less than 10 hectares, will be liquidated and turned into collectives.

Mining and Metallurgy[11]

The gross output of mining will be increased by 55 percent over 1949 and will reach 2.2 billion forints in 1954. In 1949 it was 40 percent above that of 1938. With the planned increase, it will be more than twice as high. The production of coal is to be increased from 11.8 million tons in 1949 to 18.5 million tons in

10. The number of peasant families is well over 12 million and the total acreage under crops is 5.6 million hectares.

11. Available figures are summarized in Tables III, IV, Va and Vb in the Appendix.

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than one story practically does not exist in Hungary outside the towns and, even in the towns, the suburbs usually follow the village pattern. Nearly all of them are white-washed, a plain surface without ornamentation. (The Germans of the Danube valley like a yellow wash, the Slavs draw a band of blue above the earth level, the Rumanians often go in for gay frescoes.) Each of them stands, usually narrow end on to the street, in its own courtyard, with the stables and barns at the back. A verandah runs along the side which faces the yard. The village churches, too, are almost all of a pattern. Except in some of the towns, and in a few sheltered corners near the western frontier, all the older buildings were destroyed in the Turkish wars, and the village church to-day is practically always a plain yellow building of the eighteenth or nineteenth century, varying only in size or in the possession of one or of two bulbous towers.

THE COMMUNAL PASTURE AND POND. Common to almost all Hungary, too, are the grazing-grounds outside each village, with the typical 'Gémkut' or crane-well, standing above the trough at which the cattle are watered. The 'Gémkut' consists of a rough pole, twelve or fifteen feet high, and ending in a fork. In this is balanced another log, with a chain at each end. From one chain hangs a bucket, which is dipped into the well or trough, while the other is used, lever-wise, to raise or lower the bucket. Horses and cattle are driven out in the morning and grazed communally, often by dashing young men, who summon their charges

1 [Hungarian cottages--Analyst]

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from each courtyard by a great fanfare on peculiar long trumpets of traditional shape. The swine, even more numerous, are usually in charge of an older man, but he, too, has his trumpet and his special call; and horse, cow or pig knows without error not only which tune he must obey in the morning, but also into which courtyard he must turn in the evening as the cavalcade proceeds down the village street, its guardian behind it, in a great cloud of dust. Only the geese, which are entrusted to the charge of little girls (the story of the goose-girl at the well surely originated in Hungary) are not woken by special music, which they supply by their own cackling. The communal pasture outside each village and the huge pond in the middle of it, with its geese and ducks, are common to nearly every Hungarian village throughout the country.

NATURE OF THE SOIL. There is much uniformity, too, in the cultivation. Huge fields of wheat or maize meet the eye everywhere. Nearly all the Hungarian soil is of the same type; a porous loess, which hardens in the higher areas to a dusty limestone, and crumbles in the flats into a loose sand. Through this there run comparatively few rivers, although those few—the Danube, the Tisza and their tributaries—are large and very important for the life of the country. Apart from them, water does not run in small streams, but collects in lakes and ponds, large or small, whence it eventually soaks its way underground to join the rivers. Thus in the plain it is rare to find a spring on or near the surface; on the other hand, almost anywhere

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posed of only three or four streets, sometimes only one. The little white cottages stand along it at regular intervals; only in old villages where families have multiplied and land is short, one site will contain three or four cottages crowded together. All the cottages are usually much of a size, except for the houses of the village priest, the schoolmaster and the notary. The older cottages are built of sun-dried brick, and thatched; the newer ones are of fired brick, and often roofed with the uglier but more healthy material known as 'eternit'. Most villages also contain one or more larger houses, the houses of the local squires or, as they call themselves (by the English word) 'gentry'. Every third or fourth village boasts a larger 'castle', the seat of the local 'magnate', prince, count or baron so-and-so. Sometimes these 'castles' face right on to the village street; more often they are set back in rather dusty parks. Each has a portico in front of it, with a coat of arms carved on the architrave; but like the cottages, they are usually one-storied and, like them, usually end at the back in farm buildings.

West Hungary is a pleasant country, in places well wooded and, although no hedges divide the fields, the sunken, dusty farm tracks, like deep Devonshire lanes, are often enclosed with acacias which meet over the head. A reasonable rainfall comes from the west, giving good crops, and the southern slopes of the hills are clothed with vineyards yielding a wine which is light (not so light as it seems) but very palatable. The country is essentially rural and the population has long been almost stationary; in many places, indeed, the

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423 563 828 peasants have, to the great but ineffectual concern of the authorities, aimed at having only one child in order to keep their holdings intact, for by Magyar custom a farm is divided equally among its owner's children on his death. The German colonists, on the other hand—the Swabians—pass on their heritage undivided, usually to the youngest son, while the remainder seek their fortunes in the towns. This is certainly one reason why the Swabians prosper more than the Magyars. Their superior neatness, diligence and sobriety is, it must be confessed, another and not less potent reason.

563 The Swabians are to be found in some strength in the Bakony region, in the south-east, near Pécs (a region devastated by the Turks, recolonized and known by the Germans as 'Swabian Turkey'), and on the very outskirts of Buda.

361 **BUDAPEST.** Buda itself, the western half of the twin capital of Budapest, was once a typical German-Hungarian town, although containing also a quarter, now demolished, which was the home of Serbian merchants. Here stood the old Royal Palace, the Cathedral and also the winter palaces of the Hungarian nobles. Later, the new palace and most of the new Government buildings, the Ministries, etc., were built there. Buda, before destruction overtook it, was still rather an old-fashioned place, administrative rather than commercial or industrial. It stands on a steep hill, with a fine outlook over the Danube, Pest and the great plain beyond. Behind Buda hill, the wooded valleys were covered with modern villas, the homes of civil servants and clerks.

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CHAPTER IV

THE SOCIAL STRUCTURE OF THE COUNTRY

1. *The Countryside*

In spite of the industrialization of recent decades, the economic and social life of Hungary is still built up round its agriculture, and its most important problems are still those of its agricultural population. Those problems are also the most difficult; for whereas industry, when it began to develop in the nineteenth century, was able to make something of a clean start, agriculture was burdened with a heritage of medieval traditions and vested interests.

UNEQUAL DISTRIBUTION OF LAND. The agrarian population of Hungary still lives under conditions which differ, to their disadvantage, from those prevailing in most other countries. Its friends, who are few, call the system 'patriarchal', while its enemies, who are many both inside and outside Hungary, describe it as 'feudal'.

In the strict legal sense, the term feudal is inaccurate, since the inequality before the law and the restrictions of the personal liberty of the peasant, which existed in Hungary, as almost everywhere on the Continent, up to the nineteenth century, were abolished in 1848. If, however, the word is used in a broad sense, it is not an unfair description of rural conditions in Hungary, the most

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

423 striking feature of which is the unequal distribution
565 of the land. Nearly one-third of the whole area of the country consists of big estates and is in the hands of a small group of great landowners. The biggest of these, Prince Eszterházy, still owns something like 150,000 English acres, and estates of 20,000, 30,000 or 50,000 acres are not uncommon. Another quarter of the country is taken up by large and comfortable medium-sized farms, the houses, for the most part, of the 'lesser nobility' or 'gentry' as the Hungarians call them, corresponding to the 'squire' of the village, or else of yeoman farmers, usually of Swabian origin. Another quarter again is in the form of small farms whose occupants, the real peasants, are just able to get out of them a living for themselves and their families. The remaining sixth has been divided and sub-divided into a vast number of tiny holdings which are no longer able adequately to support their owners, who constitute the majority of the agricultural population. Below this class of 'dwarf-holder' there comes a great mass of population, the 'rural proletariat' which owns no land at all.

184 REGIONAL DIFFERENCES. These proportions of a
423 third, a quarter, a quarter and a sixth are not, in-
565 deed, uniform throughout the country. The stronghold of the big estates is West Hungary, where the 'feudal' system has been able to develop unchecked throughout the centuries. Here, too, the population was not reduced by the Turkish wars, and the sub-division of the peasant holdings was already going on in the seventeenth and eighteenth

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centuries. In the Great Plain, which was largely resettled after the Turkish wars, the proportion of yeoman farmers is much higher, and in the south and south-east, where the landlord class was wiped out altogether in the wars and the country completely recolonized, most of the population consists of peasant free-holders. These are, however, very largely Germans, the descendants of colonists brought in by the Habsburg Emperors. It is a little-known but important fact that of all the nationalities in the old Hungary, it was the Magyars among whom the largest class of 'landless proletariat' was to be found. Thus, even if the landlords in the territories left to Hungary by the Treaty of Trianon had not successfully resisted the reforms carried through against their class in the areas assigned to Czechoslovakia, Rumania and Yugoslavia, conditions in the contracted kingdom would still have been particularly difficult. As they did resist any large-scale reform, those conditions have to-day reached a stage of acute crisis. A small measure of land distribution was indeed carried through in 1920, but on quite an inadequate scale.

PROPORTION OF LANDED TO LANDLESS. According to a census taken in 1935, four and a half million people in Hungary were then 'engaged in agriculture'. Of these, about one-third owned or leased enough land to support themselves and their families. These ranged from the great landowners, with their thousands or even tens of thousands of acres, through the small country gentlemen or prosperous yeoman farmers, down to the smallholders who could manage to make ends meet.

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241 Another third owned or leased some land, but had
● 423 to make up their earnings from it by work during
162 part of the year. They were thus in fact living below the poverty line. The remaining third had nothing at all. Some of these landless men are farm-hands working on big estates, in some cases with regular jobs which gave them a living. A farm-hand in Hungary is hired by the year, usually in March, and sometimes, of course, stays on the same estate all his life. Others depend entirely on casual labour, or on seasonal labour during the harvest months, for which they often hire themselves out in regular gangs, receiving the bulk of their pay in the form of a share of what they reap or thresh: this they take home to their families who live on it, through the winter months.

24 THE WORKING OF THE LARGE ESTATES. It must be
423 explained that the big, and even the medium estates in Hungary are usually worked as units. The division of them into smaller leaseholds, let to tenant farmers, which is so common in the British Isles, hardly exists in Hungary. The chief exceptions are found on the huge municipal estates which belong to some of the towns of the Great Plain, and to a lesser extent, on some of the estates belonging to the Bishops and Religious Communities. Otherwise, each single estate is farmed as a single concern by the owner, with the help of managers and bailiffs, if it is large enough, and all the persons employed on it are in the position of labourers, although each of them often is given a little allotment for himself, as part of his wages. The big operations of reaping and

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threshing, etc. are done centrally. Many big owners, of course, own several estates, and often lease some of them.

Manual labour is very extensively used, even on the largest estates, which employ many more labourers than modern farms of the same size in England and, correspondingly, fewer machines. This is partly due to habit, partly to shortage of capital which has prevented the landlords from buying machinery. But it is also due to deliberate government policy; for the landlords were encouraged to go on using manual labour in order to save the farm-hands, for whom no alternative employment could be found, from falling into complete destitution. This policy was necessary, since there was not enough industry to absorb the surplus people from the land, but it naturally added to the difficulties of Hungarian agriculture, since, however low the wages that were paid, they yet formed a heavy charge on the landlord's balance-sheet. Since the outbreak of the present war, this had led to a new difficulty. Much of the labour has been drawn off for military service or by the needs of munition industries, but Hungary has not been able to manufacture, or to buy from Germany, the machines necessary to replace the old hand-labour. Agriculture has therefore, been suffering from a severe shortage of labour, which has affected the whole of production.

THE STANDARD OF LIVING. The living standards of the smaller peasants and of most of the agricultural labourers are extremely low. Their cottages look picturesque, but their walls of sun-dried

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

342 brick, earthen floors and thatched roofs make them
511 damp and unhealthy. The peasants eat very simply and the poorest among them, the seasonal labourers, are often literally half-starving during the months before harvest.

511 This can be paralleled in many other countries
464 of Central and Eastern Europe, for in most of those countries all standards are far below those obtaining in Britain. Indeed, owing to the fertility of the Hungarian soil, even the poorest classes there still live better than the inhabitants of many other districts, especially those of the barren, rocky parts of the Balkans. In fact, the whole of Eastern Europe suffers from the same root evil of overcrowding on the land. In the past hundred years the population has increased very rapidly. While in Western Europe, when the same increase took place, the new industries were able to absorb the workers for whom there was no room on the land, in Eastern Europe, where capital was scarce, industry developed more slowly, and could only give employment to a small proportion of the growing country population. Before the last war there was
[167] a very large emigration to America from all the East European countries, including Hungary, but for the past twenty years the United States have admitted few immigrants. This is perhaps the chief reason why the position has continued to grow worse, although the falling birth-rate and the rather faster development of industry have brought some relief.

565 SOCIAL INFERIORITY OF THE PEASANTRY. Where
●423 the Hungarian small peasant or labourer is so

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

much worse off than his Czech or Serb opposite number is in his social and political position. He belongs to an inferior class and is treated as such, and the whole machinery of the state has from time immemorial been organized to keep him in that position. Thus the demand for a real and radical land reform, which will certainly have to be satisfied in the near future, springs perhaps almost as much from the social and political causes, as from economic. Land reform would, indeed, substantially improve the condition of a considerable part of the rural proletariat, provided that, as well as being given land, they were fitted out to make an adequate start as independent farmers. But it would still leave behind quite a large class for whom land would not be available. For these room would have to be found in the towns, or overseas. Nevertheless, land reform would introduce a new, democratic spirit into Hungarian life, and in this spirit the further problems might be more easily solved. It is thus the indispensable first step, which must be taken before the rest can follow.

This is not to say that all Hungarian landlords are bad. Many of them, especially those which belong to families which are old without being rich—the old 'gentry' families—live in their villages modestly enough (for the average Hungarian landlord is far from being a rich man), caring for their dependents kindly and faithfully, and liked and respected by them. The system has its good side, as well as its bad. But it is a system of which both the good and the bad sides are out of tune, equally with the democratic ideas of to-day, and with the collective principle of the Soviet system.

423
794 One other aspect of Government policy affected the churches and that was the land reform. The pre-war distribution of land had followed the feudal pattern: 48.1 per cent. of all the agricultural land being held by a small percentage of landlords, not exceeding 0.8 per cent. of the total landowners. The Catholic Church was one of the large estate owners, being in possession of 900,000 acres, or of nearly 4 per cent. of the total agricultural land. While 756 large landowners owned estates in excess of 1,400 acres, a total of 3,850,000 acres; 4,350,000 acres was owned by 1,382,863 smallholders, each with under 15 acres; and 3,000,000 peasants, out of a total population of 9,000,000, owned no land at all. All estates over 280 acres were taken over by the State under the land reform, among them the estates of the churches, and divided up among the most needy. This proved of benefit to the poor parish priests too, for they received a total of 27,500 acres.

The effect of this on the Catholic Church was, of course, considerable, and the resentment that this measure caused among the higher clergy had a great deal to do with subsequent developments.

Despite the Government's attitude the Catholic Church officially was hostile from the very beginning. The bishops went a long way to define their attitude in a Pastoral Letter issued on May 24, 1945, in which they said that "the scourge of war has swept the country like a wild fury and left behind nothing but devastation and destruction. We have witnessed one of the greatest catastrophes in the history of our nation," but had no word to say of thanksgiving or gratitude for the country's liberation although they did go so far as to say: "The rumours that the Red Army would destroy all the churches did not come true. We even met with some consideration in ecclesiastical matters." But the bulk of what they had to say was quite otherwise—"respect for authority is about to break down," "innocent men are being arrested,"† "Whosoever infringes the innate rights of man, such as . . . the right of private property . . . should be aware that we, the Bishops of Hungary, will raise our voices . . . the Rights of Man . . . have been given by God Himself. Hence no power on earth can change or abolish them." There then came a strong attack on the agrarian reform: "this regulation threatens the very existence of ecclesiastical institutions by depriving them of their material foundations." "Liberty," they warned, "does not mean the unleashing of low and greedy impulses and the lust for power." "We are facing the future," they said, "with the greatest anxiety."

† This can refer only to collaborators.

659 794 A high percentage of priests had for some time viewed with misgivings the hostile attitude adopted by their leaders to the young People's Republic. They expressed their desire to come to an agreement with the State, and declared openly that they were on the side of peace and for the rebuilding of the country.

[575] As a result the National Committee of Catholic Priests for the Defence of Peace was formed and the Congress also played its part in stimulating the extremely important Church-State Agreement of August 30 which was signed jointly by the Minister of Religion and Public Education and by the Archbishop of Kalocsa on behalf of the Bench of Bishops.

Catholic Agreement

The Government of the Hungarian People's Republic and the Bench of Hungarian Catholic Bishops, desiring to ensure the peaceful co-existence of the State and the Catholic Church and so to promote the unity of the Hungarian people in its work of peaceful reconstruction and to further the peaceful development of our country have, after discussion, come to the following agreement:

I

1. The members of the Bench of Bishops recognise and, in accordance with their duty as citizens, support the State of the Hungarian People's Republic and its Constitution. They declare that according to the rules of the Church they will take proceedings against any ecclesiastical persons who act against the laws of the Hungarian People's Republic and the constructive work of the Government.

2. The Bench of Bishops condemns all kinds of subversive activities directed against the State and the social laws of the Hungarian People's Republic. It announces that it will not permit the exploitation of the religious feelings of the congregations of the Catholic Church for anti-State political purposes.

3. The Bench of Bishops asks the Catholic congregations, as citizens and as patriots, to participate with all their strength in the great work which the whole Hungarian nation is doing under the leadership of the People's Republic, in fulfilling the Five-Year Plan and raising the standard of living for the [423] realisation of social justice. The Bench of Bishops urges the clergy in particular not to resist the development of the agricultural co-operative movement, as such a voluntary co-operation is based upon the moral principle of human solidarity.

794 208 4. The Bench of Bishops supports the peace movement and it approves the efforts of the Hungarian people, and of the Government of the Hungarian People's Republic, to defend peace. It condemns all instigation to war, condemns the use

camps and by supplying clothing and shoes to the needy members. As all young men are members it is the most wide-spread organization in the country both from a national defence and social welfare standpoint.

III. AGRARIAN SOCIAL POLICY.

In the first decade following the Treaty of Trianon social conditions in the rural districts deteriorated in consequence of the changed economic structure of the country, which was aggravated by the following conditions. The supply of labourers far exceeded the demands made by diversified farming, the apportionment of the land in certain districts was very unequal, the distribution of the rural population varied greatly and the ranks of the rural proletariat were enormously increased.

Fifty-two per cent. of the Hungarian population is engaged in farming. Two thirds of this number (3 million including their families), were farm labourers and small farmers who had to supplement their meagre incomes by working for wages on larger farms. The density of the rural population was 59 persons per square kilometre, twice as much as the density of the Danish and French rural population and decidedly more than that of Germany. It goes without saying that the density of the agrarian population in Eastern Europe is much less than in Hungary.

In a less accentuated form the agrarian problems of present-day Hungary are the same, since the re-occupation of former Hungarian territories hardly altered the situation. The land reforms carried out by the Succession

241 States during the past twenty years aggravated rather than
728 improved the position of the Hungarian agrarian elements in their midst.

241 The density of the rural population and the ratio of
425 the farmers to the rest of the community proves definitely that this fundamental social problem cannot be solved merely by dividing up the land. Nevertheless important steps have been taken in Hungary in favour of dividing the land more equally, and these on the whole were more far reaching than in the surrounding states. Under the land reform of 1920 more than one million Hungarian acres of arable land were distributed, and in connection with this reform 260,000 building lots were made available for the needy rural population. In 1936, 1940 and in 1941 other land reform measures were introduced in Parliament. Up to 1942 the following figures illustrated the division of the land:

Through state activities in this field 1,400,173 Hungarian acres (about 1,950,000 English acres) and 456,757 acres through subdivision by private concerns were distributed. In the course of the land reform of 1920, 1,045,628 Hungarian acres, and the Land Settlement Act of 1936 354,487 Hungarian acres were allotted. The almost 2 million acres divided up equals 67·5% of the estates of over 1000 acres in private hands, and is considerably more than all the arable land of these estates.

The number of the small farms in Hungary is constantly and rapidly increasing and this process has not been stopped but is being stimulated by intensified political
241 activity. In 1935 the distribution of arable land according
423 to the size of the farms compared with Germany and Italy was as follows:

15: Kárpáti G-3 (no date) 1943 EC1 Hungary EC1

	Total of farm land, hectares	Farms less than 50 hectares area	%	Farms more than 50 hectares area	%
Germany (1939)	53,209,000	28,690,000	53·8	24,519,000	46·2
Hungary (1935)	9,105,000	4,931,000	54·2	4,174,000	45·8
Italy (1930) ...	26,251,744	15,342,691	58·5	10,909,053	41·5

Since then the situation has been changed abroad and in Hungary as well, and a decided trend is evidenced in Hungary in favour of small holdings.

Laws concerning Jewish property.

The laws concerning the economic position of the Jews in Hungary augmented this trend. Under the first law 820,000 acres of farm land owned by the Jews had to be registered with the state and this area of land will be increased by 500,000 acres of forest land to be registered under the second law. Instructions were given that the title of approximately 400,000 acres out of the 820,000 should be transferred. Not only agricultural but national and social aspects will be served by the adjustment of Jewish property rights in estates.

The Hungarian agrarian policy, making use of the experience gained from the first land reform, is not swayed by the battle-cries of the demagogues demanding the distribution of the land at any cost, but is striving to create as many financially strong agricultural units as possible and to raise the living standards of the rural population. The discernment of the true needs of the agrarian population made the Government realize that the problems of the rural population cannot be solved by any one occas-

Rural housing.

Among the manifold activities of the National Folk and Family Protection Bureau the foremost was the assistance of large families to build their own homes. With the financial help of the Bureau 5410 simple but spacious houses have been erected in typical Hungarian style up to date. Besides this 194 families were helped to buy new and larger houses and 2169 families were assisted in renovating their homes. The amount spent by the Bureau on its housing activities already exceeds 40 million pengős. When evaluating the Bureau's work it should be taken into consideration that its building activities have commenced during the serious war-time shortage of building materials. The project at present is not only continuing but is expanding to reach ever wider circles of the population. The post-war plans of the Bureau call for the erection of 2000 more new houses.

Farm tenancy.

Another important branch of the activities of social welfare societies assists the impoverished large agrarian families in buying farms and setting them up in farm tenancies. In this respect the social welfare organizations work in close co-operation with land reform agencies, thereby ensuring that the deserving large families are given priority in the allocation of the land distributed under the land reform. Since the living standards of the poor cannot be raised simply by putting them on farms, the welfare societies endeavour to procure for them the requisites of farming. They give them loans free of interest, help them in purchasing farm equipment and stock, and

besides obtaining brood stock from the state for the poorer farmers, they also secure the occasional loan of thoroughbred stock for breeding purposes. Up to date almost 20,000 large agrarian families have been aided on these lines. Welfare societies also help the poor farmers who are engaged in vegetable and fruit gardening, bee-keeping, silkworm culture, rabbit breeding and collecting medicinal herbs.

Handicrafts.

In several villages the welfare societies organized the villagers into different handicraft groups to alleviate the effects of seasonal unemployment during the winter. To foster the handicraft activities of the villagers, welfare societies advance the sale of their products and help them with the purchase of raw materials.

Marriage Grants.

Marriage grants to young people is one method of social welfare aid to the agrarian population. A noteworthy feature of the contracts governing these loans is that repayments are progressively cancelled upon the birth of each child. These loans of 1000 pengös made possible the foundation of many new Hungarian families. After the birth of the fourth child the outstanding part of the loan is automatically cancelled.

Education.

The National Folk and Family Protection Bureau is working on a project which will subsidize the education of the children of farm labourers. It is expected

105‰ and 82% respectively. The number of workers gainfully employed by industry correspondingly fell from two and a half millions to one million eight hundred thousand, and this took place first of all in the districts inhabited by minorities.

The above data cover the whole state, but the lot of the minorities was the most severe. The deterioration of industry reached the greatest intensity in Slovakia and Sub-Carpathia. This will be evident if we glance at some statistical data on living conditions. For instance, the average yearly meat consumption in Bohemia was 40.5 kilograms, and in Moravia 37.5 kilograms, while in Slovakia it was only 16.7 and in Sub-Carpathia 8.4 kilograms per head. We must bear in mind when considering these data that Czecho-Slovak propaganda always gave a rosier picture than was actually the situation in these districts by clever and biased grouping of the facts.

We get a clearer and more concise picture of the situation if we take into account the reasons behind the unfavourable position of the districts inhabited by the minorities. Greater Hungary's policy of industrialization endeavoured first of all to create opportunities for work in the poorer districts inhabited by the minorities in order to raise their living standards. Under Hungarian rule (1884 to 1914) the average per capita investment in Slovakia and Sub-Carpathia was 230 gold crowns (in Transylvania 200 to 230 gold crowns, in South Hungary 150 to 200 gold crowns) in contrast with the yearly per capita investment of 70 to 150 gold crowns in that part of the country which constituted post-war Hungary. In the territory which became part of Czecho-Slovakia Hungary subsidized industry with grants, interest-free loans, machinery, tax

such as state farms, machine stations, irrigation works and the like, are the property of the state and of public bodies as trustees for the whole people. All foreign and all wholesale trade is carried on by state enterprises, all other trade is under state supervision. 642* 471

Article 7.

1) The Hungarian People's Republic recognizes and guarantees the right of the working peasants to the land and regards it as its duty to assist the socialist development of agriculture by establishing state farms and machine stations and giving every support to productive co-operative societies based on voluntary association and joint work. 642* 423 474

2) The state recognizes and supports every genuine co-operative movement of the workers that is directed against exploitation.

Article 8.

1) The constitution recognizes and protects all property acquired by labour. 642* 421

2) Private property and private enterprise must not be such as to run counter to the public interest.

3) The constitution guarantees the right of inheritance.

Article 9.

1) In the Hungarian People's Republic labour is the base of the social order. 642* 461

2) Every able-bodied citizen has the right, and the duty to work to the best of his ability and is bound in honour to do so.

3) By their labour, by participation in work competitions, by tightening labour discipline and improving working methods, the workers serve the cause of socialist construction.

4) The Hungarian People's Republic strives to apply in practice the socialist principle: "From each according to his ability, to each according to his work."

SECTION THREE

The Highest Organs of State Authority.

Article 10.

1) The highest organ of state authority in the Hungarian People's Republic is Parliament. 642* 646

20: Gyorgy S-4 (no date)1947 EC1 Hungary EC1

425 A drastic land reform was undoubtedly the most significant step
491 toward the economic reconstruction of Hungary. This reform was carried out during the period of political truce which characterized the first few months of coalition rule. An executive decree was issued in March 1945 aimed at the confiscation of all lands owned by individuals of a pro-National Socialist record, and at the expropriation of all estates larger than two hundred acres. Farm lands exceeding this size were seized in their entirety without official compensation. Former owners could keep their land only if they were farmers themselves, if they fought against the Nazis or in recognition of special service in the national resistance movement. Farm animals and all forms of agricultural equipment were taken with the estate; land obtained in this manner was divided among small landowners and landless peasants. It was also stated that newly created estates may not exceed one hundred acres.[38]

The objective of this decree was obviously a thoroughgoing redistribution of landed property, a governmental effort "to realize through the abolishment of large estates the old dreams of the Hungarian Peasant, handing over to him his due share of the soil."[39] As the pre-war semi-feudal social structure showed many signs of crumbling, this post-war reform was timely indeed. It compares in some respects favorably with the limited agrarian reform of 1920 which, forced through a reluctant Parliament by István Szabó's early Smallholders Party, left large and medium-sized estates amounting to well over
565 fifty-percent of the land. There were close to three million landless
●423 peasants and "dwarf land-holders" who depended for a livelihood mainly on casual labor and payments in kind. The large number of agricultural workers with no definite or fixed employment kept wages low and living conditions almost insufferable. The vast reserve of agricultural manpower contributed both to the unsteadiness of employment and to widespread social discontent; this agrarian problem led

38 This governmental decree was subsequently confirmed by Parliament and included in Law IX of 1946, officially published in May, 1946 as the Land Settlements and Conclusion of the Land Reform Act. The Act also states that "the land of persons who fled to Germany after October 15, 1944, and did not return therefrom by October 31, 1945, will without exception be confiscated." (par. 17.) For further details on economic policies and administrative procedures, Cf. "Chiffres Sur le Ravage et la Résurrection de la Hongrie," *Cahiers de la Nouvelle Hongrie*, Budapest, 1946, p. 17 *et seq.* In English language, cf. László Faragó, "Private Property and Nationalization," *New Hungary*, Dec. 20, 1946, Vol. I No. 7, p. 3.

39 Cf. The Preamble to the decree and the ensuing Act which states that "the system of latifundia will be destroyed in its foundations by the reform of landed property." Law IX–1946.

20: Gyorgy S-4 (no date)1947 EC1 Hungary EC1

to political maladjustments and eventually to the rise and success of extremist political movements.

Set against this unhappy social background the land reform gains added significance. The redistribution of land involved about seven million acres and some 525,000 persons benefitted from it. A few exceptional land owners were allowed to keep as much as 400 acres, but on the whole, the large feudal estates so characteristic of the country disappeared in a few months.[40] But there is also a negative aspect. Although the land reform succeeded in breaking the power of feudal latifundia, it did not solve all of Hungary's agricultural problems. The new beneficiaries are directly responsible for a considerable decrease in national production for many of them have been in desperate need of agricultural equipment and implements. The machine industry could not supply this equipment as it has suffered more severely than any other major industry of the country. It will certainly be long before agriculture recovers and in the meantime, a full-fledged reconstruction of national industry is the principal post-war problem, as well as the key to recovery.

The three year plan officially announced in January 1947 is centered around the overall objective of restoring industry to the 1938 level of production. This comprehensive plan was prepared by special experts of the Social Democratic and Communist Parties with the cooperation of two ex-Hungarian professors of economics, the Communist expert Jenö Varga of Moscow and Nicholas Káldor of London. Administrative details of this national plan closely parallel the Czech, Polish and Yugoslav projects, which propose to reach the economic levels of the last peace-time year by intensive national effort of two to five years of agricultural and industrial reconstruction. Two features are prominent in the Hungarian three year plan; the forced nationalization of mines and industry, and the establishment of new labor unions as a means of broadening the workers' participation in the country's economic life.

40 The land reform measure itself was hastily drawn up and carried out, yet it was the only way to induce peasants to undertake any cultivation in 1945. Consequently by 1946 over 90% of the agricultural land was sown. Cf. "Prospects for Agriculture, Danubian Outlook," *The Economist*, Jan. 4, 1947, pp. 6-7. The land reform was at least as much of a political and social measure as an economic move. As such it had a number of further implications; "a radical change as this cannot be carried out without jolts and jerks. Only after all available lands have been distributed will it be possible to appraise the economic and social consequences." R. Vambery, *Hungary—To Be or Not To Be*, pp. 177-178. For an official English language account cf. "Land Reforms and Reconstruction," Istvan Száva, *New Hungarian Domestic Policy*, pp. 29-32.

6: Shuster S-4 (no date) 1954 El Europe
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Nevertheless, with the help of the Russian Army and the Communist-infiltrated police force, all parties professing opposition to Communism were disbanded, the Independent People's Front was created, and it was announced that the People's Republic had been established. A single slate of candidates was presented to the voters in the election of May 15, 1948, and naturally the Communist candidates were chosen by an overwhelming majority.

We shall now review the developments which affected relations between Church and State and culminated in violent persecution.

The Catholic Church was a target first of all by reason of its material possessions. The Land Reform Law decreed during 1945 was drastic but could be defended in principle. It affected the holdings of wealthy owners and their buildings and livestock. Estates of more than a thousand acres were to be broken up completely. Owners of smaller properties were permitted to retain one hundred acres. However, the reform proved to be a poorly camouflaged prelude to the creation of collective farms—agricultural properties owned and exploited by the State. Communists, regardless of aptitude for farming or the validity of their claims, received virtually all the land which was redistributed. The State fared even better. By July 1, 1946, it was owner and manager of fully one-eighth of all the landed property in Hungary. None of the former owners received compensation. The new peasant proprietors were, it is true, compelled to make payments at regular intervals to amortize the cost of the land assigned to them. However, the moneys thus collected went into the State Treasury. By the beginning of 1948, the owners of one-hundred-acre estates, who had previously been affluent, were being pushed to the wall; for all farms larger than fifteen acres were taxed so heavily in grain and produce that it was utterly impossible

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651 to meet the levies. When a farmer succeeded in doing so, he
• 423 found that he was forced to sell his surplus at prices fixed by the government; and these were so low that he was unable to make both ends meet and was forced into bankruptcy. Foreclosures became the rule.

659 By the close of 1948, the Catholic Church in Hungary had
794 lost its wealth and material independence. To its other losses of this character must be added the elimination of revenues from the system of advowson, an economic survival from the Middle Ages. This arrangement made it legally incumbent upon stipulated wealthy patrons, and upon cities and towns, abbeys and foundations, to contribute to the support of the Church. Budapest, for example, was partly responsible for
[423] the upkeep of parishes within its boundaries. The 1945 Land Reform Law abolished all rich patrons as a matter of course; but cities and towns kept up the practice of advowson, often with ironical results. Thus in Budapest the patronage committee of the City Council, whose members traditionally had been clerical, very soon took on a Communist hue. This was, however, the committee entrusted under the law with reviewing the list of priests nominated by the Archbishop for appointment to pastorates. The responsibility, therefore, was now transferred to the Communist Party. It took persistent delight in vetoing all nominations of persons it looked upon with disfavor. Slowly, such committees also withdrew financial support. All that then remained to the Church were direct subsidies from the State, so that a relationship of complete financial dependence was established.

659 Meanwhile the fate of religious education was likewise being debated. Prior to 1948 Communist efforts to ban instruction in the tenets of the recognized faiths met with so much resistance that the traditional practices—namely, compulsory religion classes in the public schools and the maintenance of